

Social Housing in China

What to expect based on international experience

Alicia Garcia-Herrero

Chief Economist Emerging Markets - BBVA Research

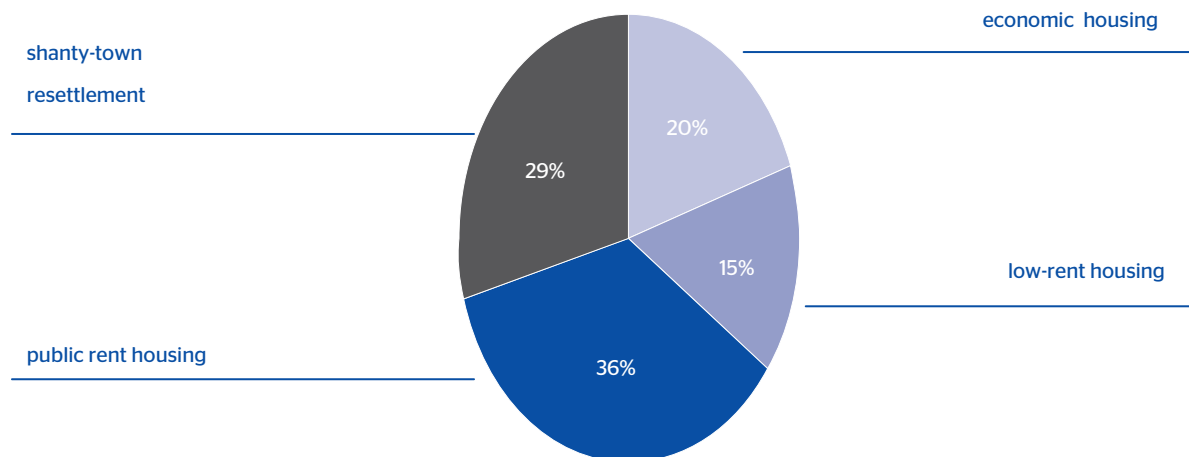
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China's plans for social housing

- A market-based reform since 1998
- An integral part of a broader social safety net system
- Target of 36 million units during the period 2011-2015
- “Economic” and “low-rent” housing as initial proposal
- Additional new forms to meet growing demands

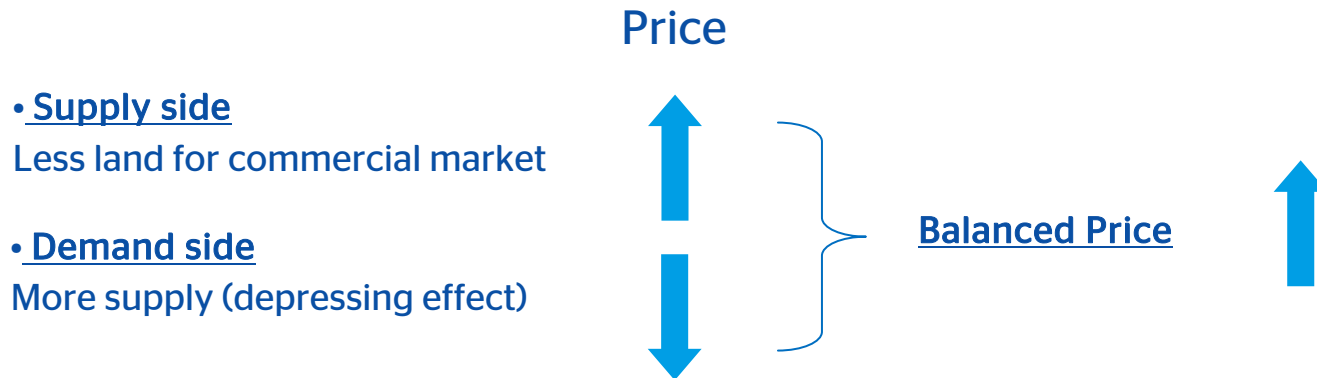
Affordable housing breakdown by categories

Source: BBVA Research and CEIC



Social housing to affect real estate market

- 30% of total housing stocks by 2015, up from the current level 10%
- Crowding-out effects on the commercial markets by provision of social housing
- Long term upward price pressures outweigh the depressing effect
 - Limited availability of land (protected for agricultural usage)



International experience

Mexico



Subsidies

- 4 housing subsidy programs managed by 2 government agencies (Sedesol & Conavi)
 - Sedesol manages 3 programs
 - Supply driven, direct subsidies
 - Conavi manages 1 program
 - Demand driven, lump sum subsidy with extra restriction

Land use policy

- Municipalities has independence on land policies
- New model: Sustainable and Integrated Urban Developments (DUIS in Spanish)

International experience

Peru



Affordable housing finance

- Government land auctions
- Allotment to construction firm offers to build houses and sell at lowest price
- The government provides basic utilities
 - “Mivivienda” - directed to middle/low income households
 - “Techo Propio” - directed to low income households
 - Eligibility requirements to households
 - Not yet owning a house or land
 - Not having received government assistance previously to purchase or build a house

Land use policy

- The State bids some lands for social housing
- The government provides the necessary infrastructure

International experience

Singapore



Affordable housing finance

- Managed by the government agency (HDB) supported by public funds
- The Central Provident Fund (CPF) savings
- Contributed compulsorily by the residents

Land use policy

- Legislation for compulsory land acquisitions, at a well below market price
- HDB bids for land since 1995

Hong Kong



Affordable housing finance

- Government's fiscal revenue and land sales
- Revenue from developing commercial auxiliary facilities (e.g. commercial building and parking lots)

Land use policy

- The government provides free land to construct affordable housing

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